

ATTACHMENT C

NORTHWEST RTO COLLABORATIVE PROCESS PLAN – A PROPOSAL BY THE FILING UTILITIES¹

Background

Federal Energy Regulatory Commission (FERC) Order 2000 envisions the use of collaborative processes as the means for developing regional transmission organizations (RTOs) throughout the country. In the Northwest, the RTO Filing Utilities are committed to engaging in an effective collaborative process that will permit a timely filing at FERC. The RTO Filing Utilities are also committed to seeking the broadest possible regional input on RTO formation given the short time frame they have for preparing and submitting a filing by October 15, 2000.

The touchstone of an effective collaborative process will be an on-going effort throughout the development period to achieve input from regional interests on the issues that must be resolved. This process must be conducted on a timely basis that will allow the RTO Filing Utilities to meet their legal obligations and FERC's deadline with an RTO proposal they can support. While the parties will strive for broad regional support on the overall RTO concept, there may be instances where individual elements of the RTO proposal submitted to FERC may not have the same level of consensus other elements have achieved.

This RTO Collaborative Process Plan is based in large measure on the comments many regional parties and stakeholders have offered at the FERC March 23 and 24 workshop and elsewhere on how best to structure an RTO Collaborative Process. Public power interests, independent power producers, state and provincial representatives, eastside public entities, marketers, Canadian entities, and tribal parties have all offered valuable ideas on how an RTO Collaborative Process should work and how they can engage in the process and participate most effectively.

The two over-riding messages that the RTO Filing Utilities have heard include:

1. Regional parties affected by the RTO proposal want to be “at the table” when RTO issues are deliberated, and they want a genuine effort to reach broad regional resolution of RTO issues; and
2. Regional parties want to know that RTO issues are being discussed and deliberated in a public forum, and that, in their own meetings, the RTO Filing Utilities will not advance a “private” agenda not shared in the public process.

¹ Avista, the Bonneville Power Administration, Idaho Power Company, Montana Power Company, Nevada Power Company, PacifiCorp, Portland General Electric Company, Puget Sound Energy, Inc., and Sierra Pacific Power Company

The plan outlined below represents an effort by the RTO Filing Utilities to respond to these messages and to incorporate these ideas into the public process concepts. This proposal is offered to regional parties in the hope of achieving consensus on the collaborative process that will be used during the RTO development period.

The RTO development process will require participants to research, analyze, update, evaluate, and discuss a vast amount of technical material. Tight timelines and schedules must be set by the RTO Filing Utilities for resolution of RTO issues, and workstreams will proceed at a rapid pace. Accordingly, to get the work done under such a tight schedule, the RTO Filing Utilities have decided to retain the services of a project management team to assist in developing the RTO proposal. This collaborative process plan places a major responsibility on the project managers to manage and supervise the development work so that regional input can be maximized and regional parties can participate effectively in the work groups.

Five Elements of the RTO Collaborative Process Plan

The five elements of this RTO Collaborative Process Plan include the following (described in detail below):

1. RTO Regional Representatives Group
2. RTO Filing Utilities
3. Work Groups
4. RTO Regional Workshops
5. The Web Site

1. RTO Regional Representatives Group

The primary function of the RTO Regional Representatives Group will be to review and discuss the issues set out in the issues list, as revised, and to make every reasonable effort to achieve consensus on these subjects. Representative Group effort will not be a vote-taking activity but rather a concerted effort to produce the best achievable RTO proposal.

Membership on the Regional Representatives Group will include the RTO Filing Utilities and representatives of other interested regional parties. Several parties that have offered suggestions on a collaborative process have pointed out that it will be necessary to limit membership in the Representatives Group to a manageable number. In reviewing these proposals, the RTO Filing Utilities agree that the need for meaningful and effective participation in the Regional Representatives group will require that its membership be confined to approximately 20 individuals. However, even though membership would be limited to approximately 20 representatives, meetings of the group will be open to all parties who wish to attend. Opportunities for non-members to speak and participate in Representatives Group meetings will, of course, be afforded. The Regional Representatives Group will set meetings on a regular schedule throughout the development period. The schedule and any agendas will be published on the web site.

The RTO Filing Utilities have identified the following groups that have indicated an interest in participating on a Regional Representatives Group:

1. The States (CREPC)/small customers
2. Canada
3. Public Transmission Owners (Northwest)
4. Transmission Dependent Utilities
5. Eastside Public Utilities
6. Independent Power Producers/Transmission Owner Merchant Functions
7. Direct Service Industrial Customers
8. Large Industrial Customers
9. Environmental/Renewable Resources Entities
10. Marketers
11. Tribes

The Regional Representatives Group can be effective only if the regional interests designate high policy level representatives who are knowledgeable and who can speak with full authority from the interests they represent. The representatives will need to be able to devote substantial time and energy to the RTO effort as their highest priority. From past experience, it is clear that there will not be time to use the Representatives Group for extensive education of group members. In addition, the tight timelines will allow little opportunity for postponing meetings or for repeating matters for representatives unable to attend meetings. It will be important to designate representatives to the Regional Representatives Group who can work constructively and cooperatively together.

2. RTO Filing Utilities

The RTO Filing Utilities are committed to participating fully in the collaborative process and to meeting their legal responsibilities to develop and submit an RTO proposal to FERC by October 15, 2000. They have agreed to advance the substantial financial resources necessary to retain project managers and to prepare the extensive documentation that will support the filing.

The RTO Filing Utilities will establish workstreams and decision timelines that will allow them to meet the FERC filing deadline. In any cases where consensus cannot be achieved on a timely basis within the Regional Representatives Group, the RTO Filing Utilities will review the unresolved issue. In the absence of a group consensus, the RTO Filing Utilities must still resolve issues and propose resolutions to FERC.

In order to assure timely completion of the RTO filing, the RTO Filing Utilities will continue to meet among themselves as necessary. However, the RTO Filing Utilities are mindful of concerns that, in such meetings, “private” agendas could be advanced out of the public view. Accordingly, the RTO Filing Utilities will arrange for a neutral observer to attend such meetings and to prepare a full set of meeting notes for prompt posting on the Northwest RTO web site.

3. Work Groups

The project managers will manage and supervise the work groups. This responsibility will entail, among other assignments, providing the dynamic leadership to move the assigned work to completion. The work groups in turn will develop designated technical elements of the filing proposal.

Membership on the work groups will consist of individuals with expertise in the matters to be addressed. As is apparent from the previous work on IndeGO and other regional transmission programs, there are many individuals in the Northwest who have a great deal of experience and knowledge to offer. If the work groups are to be successful and meet their deadlines, it will be important for members to make work group activities their highest priority during the RTO development period. Members will need to work cooperatively and constructively with their fellow members. The meetings of the issue work groups will be open to all members of the public.

The written work assignments to and products from the work groups, including schedules, work assignments, interim documents and the like, will be posted on the Northwest RTO web site.

4. RTO Regional Workshops

While every effort will be made to accommodate all interested regional parties in the work group/Representatives Group process, there will undoubtedly be a need to communicate with a larger group of interested parties throughout the development period. To this end, larger public meetings will be held periodically (perhaps every six weeks) to enable the RTO Filing Utilities and regional interests to report on progress and to receive broader public comments and input on RTO issues.

It is proposed that a series of meetings around the region be undertaken in the near future (probably during the month of April) to begin the process of receiving input from

interested parties who may not otherwise be able to participate actively in the collaborative process.

5. The Web Site – www.nwrto.org

The web site for the RTO development program has already been established. It will be the primary communication link for sharing written materials and comments among all parties interested in and participating in Northwest RTO development. The site will be interactive, and all work products from the work groups, technical teams, and research and analysis groups will be posted. The site will be updated frequently. Calendars and notices of meetings of the work groups, technical committees, research teams, the Regional Representatives Group, and regional workshops will be placed on the site. It will be important for regional parties to follow the web site regularly and, where appropriate, to respond in a timely manner.

An example at this early stage of how documents will be handled on the web site is reflected in three documents that have been posted by the RTO Filing Utilities. They are entitled: “RTO Filing Utilities’ RTO Principles,” “RTO Filing Utilities’ Consensus Concerning RTO Form and Structure,” and “RTO Filing Utilities’ Preliminary Issues List.” An invitation to comment on the RTO issues list is also posted. The schedule for responses on the issues list is short because any revisions to that list will need to be considered during April, in order to formulate the work schedule through the development period.

Conclusion

This RTO Collaborative Process Plan is offered in the spirit of unifying Northwest parties in a major effort to prepare and submit an RTO proposal on the schedule set by FERC. As Marsha Smith, the Chair of the Committee on Regional Electric Power Cooperation, stated in her closing remarks at the FERC March 24 workshop, “This is a monumental task.” She urged all parties to get involved and participate in this undertaking, and to build on the legacy of regional and interconnection-wide cooperation that has served us so well in the past. The RTO Filing Utilities fully support the goal of submitting a collaborative RTO proposal to FERC that a substantial number of Northwest parties help develop and can endorse.